

REQUEST FOR COUNCIL ACTION

SUBJECT: Consideration and approval of resolution selecting and executing an agreement with an economic development consultant.

SUMMARY: The city administration prepared and distributed an RFP to hire an economic development consultant to advance several areas of economic development within the city. The areas include: recruiting, contacting and producing hotels, retail centers, auto dealers, conference and exhibition centers, and corporate office headquarter facilities. Two proposals were received. The administration recommends awarding the selection of services to Better City.

FISCAL IMPACT: A retainer fee of \$15,000 is paid at the beginning. This is less than the amount budgeted for these services. A contingency fee is paid upon successful completion of the recruitment. This payment structure will be incorporated into an agreement for services.

STAFF RECOMMENDATION:

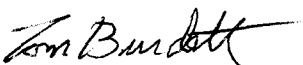
Approve the attached authorizing the selection of Better City; and, directing staff to prepare a contract with authorization for the Mayor to execute said contract with Better City to provide economic development services.

MOTION RECOMMENDED:


"I move to approve the attached resolution # 14-140 authorizing the selection of Better City; and, directing staff to prepare a contract with authorization for the Mayor to execute said contract with Better City to provide economic development services."

Roll Call vote required

Prepared by:


Tom Burdett
Development Director

Reviewed by:


Jeff Robinson
City Attorney

Recommended by:


Richard L. Davis
City Manager

BACKGROUND DISCUSSION:

The City prepared an RFP seeking proposals from economic development firms, with expertise in recruiting, financing and developing real estate for hospitality, retail centers, conference centers, exhibition centers, auto malls and corporate headquarter offices.

The Scope of Services included:

Recruiting – contacting and building relationships with leading hotel, retail centers, auto dealers, conference & exhibition center owners and operators, corporate office headquarter facilities.

Financing – recommending public/private partnerships for economic development.

Real estate redevelopment – Forming collaborative partnerships and agreements with business and property owners to relocate businesses to sites with strong growth potential.

Hospitality – Diversify hotel opportunities by developing joint hotel, conference and exhibition centers.

Corporate headquarter offices – promote and structure public/private partnership agreements with companies seeking sites for corporate office headquarters.

Auto Dealers – negotiating public/private partnerships and securing financing for development of new dealerships.

Retail Centers – performing site selection recruitment services for new retail centers and tenants.

Services to be included require experience with retainer/contingency based fee type economic developments. A contract for services will be required. Retainer will be paid by invoice after contract is executed. Payments for contingency based fees will be made upon securement of a building permit for the new development including a significant number of jobs as determined in the contract. It is contemplated that the payment of the contingency fee will be made as part of securing the development.

The City received two proposals, one from RS Contract Management and the other from Better City. Both proposers have significant experience with economic development. RS Contract Management proposed a traditional fee structure of consulting time. Better City proposed a retainer and contingency fee structure. The fee structure proposed by Better City is more in line with the desired services. Neither firm specified a specific time for delivery of service. Better City included some schedule information with respect to negotiating a contract, letters of intent and due diligence time with new businesses. Due to the fee structure, methodology and time for delivery of service, Better City was rated higher using the evaluation criteria. If a contract cannot be negotiated with Better City then RS Contract Management is an alternative.

	RS Contract Mgmt.	Better City
▪ Experience and qualifications (15%)	13	13
▪ Time for delivery of service (30%)	0	10
▪ Methodology to deliver the desired end product (15%)	12	15
▪ Plan for managing the scope of service (10%)	9	9
▪ Cost (30%) 10% retainer fee and 20% contingency fee	21	28
	55	75

THE CITY OF WEST JORDAN, UTAH
A Municipal Corporation

RESOLUTION NO. 14-140

A RESOLUTION SELECTING BETTER CITY FOR ECONOMIC DEVELOPMENT SERVICES AND AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT FOR SAID SERVICES

Whereas, the City Council of the City of West Jordan has distributed an RFP and received two proposals for Economic Development Services; and

Whereas, the City Council desires to award the contract to Better City, having expertise in recruiting, financing and developing real estate for hospitality, retail centers, conference centers, exhibition centers, auto malls and corporate headquarter offices, in an amount not to exceed \$15,000 for retainer and not to exceed \$145,000 in contingency which award shall not be binding upon the City of West Jordan unless and until the contract is fully executed by the parties; and

Whereas, the City Council directs staff to prepare a contract in a form approved by the City Attorney; and

Whereas, the City Council authorizes the Mayor to execute a contract for Economic Development Services with Better City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST JORDAN, UTAH:

- Section 1. The contract for Economic Development services is hereby awarded to Better City, which award shall not be binding upon the City of West Jordan unless and until the contract is fully executed by the parties.
- Section 2. Staff is directed to prepare a contract in a form approved by the City Attorney.
- Section 3. After approval as to legal form by the City Attorney, the Mayor is hereby authorized to execute a contract between the City of West Jordan and Better City in an amount not to exceed \$15,000 for retainer and not to exceed \$145,000 in contingency.
- Section 4. This Resolution shall take effect immediately.

Adopted by the City Council of the City of West Jordan, Utah, this _____ day of _____ 2014.

KIM V. ROLFE
Mayor

ATTEST:

Melanie Briggs, City Clerk

VOTING BY THE CITY COUNCIL:

"AYE"

"NAY"

Jeff Haaga

Judy Hansen

Chris McConnehey

Chad Nichols

Ben Southworth

Justin D. Stoker

Mayor Kim V. Rolfe



West Jordan, Utah

Economic Development Services Proposal

July 18, 2014

Prepared by:

Better City





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Introductory Letter

Better City (the “Firm”) is pleased to submit a proposal (the “Proposal”) for the City of West Jordan’s (the “City”) development project as discussed in the City’s RFP (the “Project”). Better City understands that the Project includes recruiting, financing and developing of various projects to include a hotel, conference/exhibition center, corporate offices, retail center, and auto dealers. Better City is experienced in collaborating with community stakeholders to create and implement strategies to drive desired results. The Better City team has helped attract more than \$1.2 billion of new investment to communities, representing more than one million square feet of office space and five million square feet of industrial buildings, developing/redeveloping over 1,300 acres of land, and creating/recruiting over 8,000 jobs.

Within the past year or so Better City has engaged development projects in Eagle Mountain, Brigham City, North Ogden, Logan, East Liverpool, Ohio and Superior, Wisconsin with similar scopes of service to the one in West Jordan’s RFP. The Firm recruited developers and tenants, and identified funding for these projects. Better City understands how to catalyze development, leveraging long-standing relationships within the development community. Better City has several contracts that are retainer and contingency fee based.

Better City is often able to facilitate transactions without brokers, which can save millions of dollars and is often the difference between a project being financially feasible and not. Commercial real estate agent fees are often sold as being “free” to the client, when in actuality they cost projects hundreds of thousands if not millions of dollars that the City often is required to fill with gap funding. Commercial agents can sometimes be helpful, but often create more burden than value to a project. Better City is skilled at navigating this terrain to deliver projects at the lowest cost possible to minimize public financial involvement.

Better City’s CEO was the full-time Mayor of Ogden for 12 years and has in-depth understanding of city government, political landmines, funding opportunities, tax increment law, etc. Most importantly, he understands what is best for cities and fights for their causes and perspective.

This Proposal will address each of the evaluation criteria and scope of services items, and show why Better City is the best-suited candidate for planning and implementing this Project.



Project Approach

Better City will conduct market research to identify current market opportunities using the best available market data. Better City will look at existing development and redevelopment plans the City has in order to determine how existing demand can provide solutions. Where demand exists in areas of interest to the City, Better City will develop strategies to recruit the targeted industries.

Better City will then work with the City and landowners to secure properties for development and draft proformas to determine financial feasibility. The Firm will recruit tenants and developers to these sites. Better City will work with the City to establish CDAs and RDAs as required to fund project gaps. The Firm will also identify grants, low interest loans and other inducements to secure the capital required to move the projects forward. It will deliver the projects to the City's development process for approval.

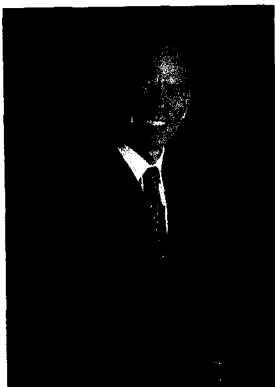
Better City will work closely with City staff and contractors in a collaborative and coordinated manner. The Firm recommends bi-weekly meetings to make sure everyone is aware of progress being made and to keep assigned tasks in the forefront.

Project Personnel

Matthew Godfrey will take the lead on this Project with the City. He will be directly involved in virtually all aspects of the Project delivery. He will use the rest of the team members listed below to assist in their areas of core competency. It is estimated that 50% of the work will be done by Mr. Godfrey with 20% by Mr. Hughes and the other three team members listed all contributing about 10% of the Scope of Work. As the nature of the work morphs or expands others with high skill-sets will be brought in to complement the team as needed.

Matthew Godfrey

CEO



Mr. Godfrey is the founder and Chief Executive Officer of Better City. Prior to forming Better City, Mr. Godfrey was the Mayor of Ogden, during which time the City recruited over \$1.2 billion of investment including nearly one million square feet of new office space, revitalized more than 130 acres of the downtown, revitalized various neighborhoods, and reduced crime by 33% in a ten year span.

Mr. Godfrey led efforts to recruit over 8,000 jobs to the community, successfully changing it from an old railroad town to the capital of outdoor recreation. He also led an effort to revitalize blighted neighborhoods and reduce crime. In his last year in office Ogden led the country in job growth. It is now ranked by Forbes magazine as one of the top 10 cities to raise a family.

Prior to Mr. Godfrey's time as Mayor he was the president of a real estate holding and management company. Mr. Godfrey holds Bachelor's and Master's degrees in Business. Mr. Godfrey is a member of ICSC.



Past Projects:

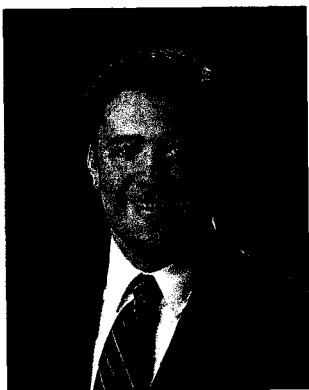
- \$20 million Salomon Center, Ogden Utah;
- \$15 million Hampton Inn and Suites;
- \$17 million Hilton Garden Inn;
- 1,000,000 square feet of office space;
- \$35 million Historic American Can Building Renovation;
- \$15 million Union Square, historic district, mixed use development;
- 5,000 seat, \$2 million amphitheater;
- Secured \$30 million in incentives for redevelopment efforts, resulting in 130 acres of redevelopment;
- \$100 million entertainment district;
- \$20 million river restoration mixed-use project;
- Recruited Salomon, Atomic, Suunto, Descente, Scott, Rossignol, Goode, HomeDepot.com, WayFair.com, RocketLawyer.com, among many other office users;
- On executive committee of major conference center for 12 years;
- Recruited auto dealerships to Layton, Burley and Logan. Currently working on several other communities.

Current Projects:

- Ongoing implementation of Star Valley Wyoming Economic Development Plan with the Town of Thayne including recruiting businesses in strategic clusters and securing incentives;
- Ongoing implementation of Brigham City Economic Development Plan;
- \$80 million hotel, convention center, and waterpark downtown redevelopment project in community of 30,000.

Adam Hughes

COO



Mr. Hughes is the Chief Operating Officer of Better City. Since joining the firm in 2012, Mr. Hughes has worked with both public and private clients in creating redevelopment strategies, recruiting businesses, and financing projects, having secured almost \$10.0 million in Federal, State, and local incentives for various rural development projects. Prior to joining Better City, Mr. Hughes was a CPA and Manager in KPMG's Transaction Services Practice Group in McLean, VA. Mr. Hughes holds a Bachelor of Science in Accounting and a Master of Business Administration from BYU's Marriott School of Management. Mr. Hughes is a member of ICSC.

Completed Projects:

- Recruited grocery store developer and operator to Eagle Mountain, UT resulting in \$6 million in private investment;
- Secured \$1.0 million zero-interest loan and \$0.3 million grant for office development project in Eagle Mountain, UT;
- Secured \$650,000 zero-interest loan for planned hotel development in Morgan City, UT;





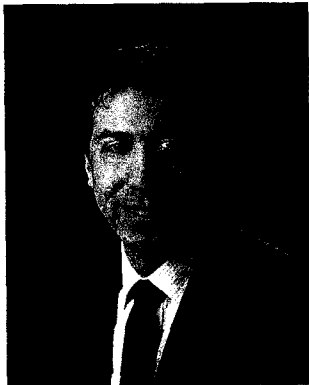
- Developed and garnered political support and approval for an Urban Renewal Plan for a highly-distressed rural community of 11,000. Subsequent implementation has included:
 - Recruiting key stakeholders for an Economic Development Steering Committee to oversee economic development efforts in the community;
 - Garnering political support and securing tax increment financing approval from School Board and City for strategic downtown redevelopment projects;
 - Securing Federal and State historic tax credits on \$4.0 million of qualified rehabilitation expenditures;
- Secured Federal grants to assist communities in developing community-wide economic development strategies;
- Evaluated public-private partnership structures for industrial parks.

Current Projects:

- Ongoing implementation of Urban Renewal Plan for highly-distressed rural community of 11,000 including:
 - Forging collaborative relationships across various governmental entities at local, City, and State levels;
 - Recruited & currently aligning financing for a \$6.0 million, 50,000 square foot vocational school historic adaptive re-use project and parking structure. Financing includes tax credits, tax increment financing, and grants to provide half of total project cost. Project is in pre-development;
 - Recruited and currently aligning financing for a \$7.5 million, 60-room flagged hotel historic adaptive re-use project and parking structure. Financing includes tax credits, tax increment financing, and low-interest financing. Project is in pre-development.

Ryan Hunter

Director, Economic Development



Mr. Hunter has a breadth of experience in analysis having worked as an Intelligence Analyst in the FBI's Counterterrorism Division for five years where he received multiple awards for his work. Prior to joining the FBI, Ryan worked as a contract economist with the US Institute of Peace developing a macroeconomic model of post-conflict countries and previously worked at the US Department of the Treasury. He holds a Master's Degree in International Economics and American Foreign Policy from the Paul Nitze School of Advanced International Studies at Johns Hopkins University.

Current Projects:

- Development of public/private partnership structures for industrial parks in two rural Utah communities;
- Lead consultant in Como Springs redevelopment project;
- Lead consultant in North Ogden retail redevelopment project.



Phil Barker

Staff Associate



Mr. Barker graduated with high honors from Salt Lake Community College with an Associate's degree in Speech Communication, and with Cum Laude honors from the University of Utah with a Bachelor's degree in Economics. He recently completed an internship with the Utah State Legislature as the sole staffer for Utah Senate Majority Leader Ralph Okerlund. As Senator Okerlund's intern Mr. Barker gained valuable experience in the law-making process, and brings with him an understanding of the ins and outs of how state legislation is passed, from the initial concept to the Governor's signature. As a Staff Associate he conducts research and supports the senior consultants of Better City across a wide range of disciplines. His background in economics provides quantitative analysis and economic development knowledge, as well as research, writing, and presentation experience.

Completed Projects:

- Secured \$100,000 grant for a revolving loan fund for rural community of 11,000.

Current Projects:

- Ongoing implementation of Star Valley Wyoming Economic Development Plan with the Town of Thayne including recruiting businesses and securing incentives;
- Ongoing implementation of Urban Renewal Plan for highly-distressed rural community of 11,000 including securing incentives;
- Consultant in Como Springs redevelopment project; Morgan City, Utah industrial park project; Brigham City, Utah industrial park project.

Michelle Green

Administrative Assistant



Mrs. Green is the direct assistant to Mr. Godfrey and Mr. Hughes. In addition to handling the daily administrative functions for Better City, she also manages client contracts, conducts research, and initiates developer recruiting. Prior to joining Better City, Mrs. Green was the Paralegal and Office Manager for the United States Department of Agriculture's Office of the General Counsel. Her legal and administrative skills and previous experience at USDA are a valuable asset to each of Better City's rural projects. Mrs. Green has a degree in Paralegal Studies from Broadview University.

Scope of Services

Recruiting

Better City has long-standing relationships with hospitality, retail, office and car dealership developers/owners.





The Firm is continually developing new relationships within these and other industries to provide diversity and options in developing sites like those described in the RFP. The Firm has very positive relationships with the Governor's Office of Economic Development (GOED), EDCUtah and other state agencies that are critical to the recruiting of major tenants to projects.

Financing, Development, and Redevelopment

Better City recognizes that the most difficult part of development is financing the projects and will work with the City, developer and tenants to identify solutions that may involve public/private partnerships or gap financing with participation from the City, County, State, and Federal governments. Bank regulations are increasingly more difficult and the Firm has significant experience in financing difficult projects by coming up with grant funding and creative financing scenarios.

Hospitality

Better City has extensive experience in hospitality and will develop a plan that will lead to the development of a new hotel and adjacent conference center within City boundaries.

Corporate Headquarter Offices

The Better City team has built and occupied more than a million square feet of office space in the past 10 years. All of this was done in a "weak" office market. The team will develop a plan to recruit office tenants and developers to the City and will help catalyze development of new office space.

Auto Dealers

There are many issues that have prohibited West Jordan from having its fair share of new car dealerships. The City has been proactive in addressing some of these issues at the legislature. As there is legal opportunity for the expansion or relocation of dealerships to West Jordan, Better City will recruit new and used car dealerships to the City. They will focus on establishing an auto mall area to the extent allowed by law.

Better City can also work in an advisory capacity to guide the City on how an exception could be granted for dealerships in West Jordan in addition to having a change of legislation. The Firm will also help identify ways to fund these projects, just as it has done in many other communities already.

Retail Centers

Better City will work with the City and RDA to identify areas and projects for green-field development, infill and redevelopment. The Firm will then recruit tenants and developers to such places and will work with City on vision, goals and objectives for each location. Entertainment districts, lifestyle centers, cultural districts, power centers, mixed-use projects and traditional retail developments will all be evaluated for the various sites.

Scope of Services Deliverables

- **Recruiting:** Deliverables will include recruiting hotel developers and operators who have experience in conference centers to build and operate a joint facility within the City. The Firm will also recruit auto dealers to establish new and used car dealerships. The Firm will recruit office space users as well as office developers. Better City will also target retailers to infill existing retail space, build new space and redevelop existing commercial areas.
- **Financing:** Deliverables will include financing for projects recruited by Better City.
- **Hospitality:** Deliverables will include a hotel of at least 90 rooms and a conference center of at least 10,000 square feet.
- **Corporate Headquarter Offices:** Deliverables will include at least one public/private partnership





structure including an agreement with a company to develop corporate office headquarters within City boundaries of at least 30,000 square feet.

- **Auto Dealers:** Deliverables will include a car dealership within City boundaries.
- **Retail Centers:** Deliverables will include more than 100,000 square feet of retail development/redevelopment.

Schedule

There is nothing predictable about real estate development. The Firm anticipates, however, their ability to secure a Letter of Interest/Intent (LOI) from a tenant or developer within 30 to 90 days of the execution of this contract. An LOI will typically have 120 days of due diligence before perfecting a development agreement or a real estate purchase agreement.

Better City will work on all of these projects in parallel and would anticipate activity on many fronts at any given time. Some of the items will have a longer lead time due to legislative action, property acquisition, demolition, and a myriad of other issues that take time to work through.

Better City will work with the City to prioritize projects so that a more definitive timeline for each area can be established.

For a summary of work hours and personnel levels for each project please see Work Summary below.

Plan for Managing Scope of Services

Better City uses Base Camp, a highly effective online project management program in which the Firm can invite the City to participate. This keeps all tasks visible to the group, with action items assigned to specific people with defined due dates. As mentioned earlier, the Firm would request regularly scheduled meetings with the City in order to keep everyone up to date and to communicate new opportunities or changes quickly. Better City has found this to be an excellent way to manage large and complex projects.

Conclusion

Better City is excited for this opportunity and is very comfortable with the requirements of the RFP. The Firm has had experience doing this same work with the same structure in other communities. The structure proposed herein aligns motivations to deliver the end product without gouging difficult projects with brokerage commissions. The Firm has a team of full-time employees, all of whom have significant experience and skills to lend to this effort. Better City is open to further dialogue on details that can help drive this proposal to conclusion.





Work Summary

Project and Work Description	Personnel		Personnel		Personnel		Personnel	
	Hours	Level	Hours	Level	Hours	Level	Hours	Level
Hotel and Conference Center	Hotel and Conference Center		Office Space		Auto Dealership		Retail	
Perform market study	20	D/A	20	D/A	-	-	20	D/A
Determine feasibility	35	E	10	E	-	-	10	E
Work on legislation/exception for auto dealerships	-	-	-	-	50	E	-	-
Identify existing dealership opportunities	-	-	-	-	10	A	-	-
Develop proforma	5	D/E	8	D	5	D/E	8	D
Identify at potential sites	15	E	20	E	20	E/O	20	E
Identify gap funding sources	5	E	-	-	-	-	-	-
Get City buy-off on incentive packages	10	E	10	E	10	E	10	E
Recruit developers	20	E	15	E	15	E	15	E
Negotiate development agreement	15	E	10	E	10	E	10	E
Build Project	40	D/E/A/O	40	D/E/A/O	40	D/E/A/O	40	D/E/A/O
<div> <div> Personnel Level Identification </div> <div> Personnel Levels </div> </div> <div> <div>Executive: Matthew Godfrey, Adam Hughes and others at their level</div> <div>E = Executive</div> <div>Director: Ryan Hunter & others at this level</div> <div>D = Director</div> <div>Associate: Phil Barker, Michelle Green and others at their level</div> <div>A = Associate</div> <div>Outside: Consultants, brokers, other professionals</div> <div>O = Outside</div> </div>								



References

Each of the following references can speak to Better City's ability to provide services within project budget and time frame:

Superior, Wisconsin
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Ogden, Utah
John Patterson
CAO (former)
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Proposed Fee Schedule

Retainer	\$15,000
Hotel	\$30,000/hotel
Conference Center	\$15,000 + \$1/square foot
Office Space	\$5,000/10,000 square feet
Auto Dealership	\$40,000/dealership
Retail/Entertainment*	50 cents/square foot

* May require further definition by parties